



Testimony of

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HB 5388 An Act Increasing the Minimum Wage

SB 1 An Act Concerning Earned Family and Medical Leave

HB 5387 An Act Concerning Paid Family Medical Leave

SB 15 An Act Concerning Fair and Equal Pay for Equal Work

HB 5386 An Act Concerning Various Pay Equity and Fairness Matters

Good afternoon Representative Porter, Senator Gomes, Senator Miner and members of the Labor and Public Employees Committee. I am Lori Pelletier and I am proud to serve as President of the Connecticut AFL-CIO on behalf over 900 affiliated local unions who represent more than 220,000 working men and women in every city and town of our great state. Thank you for the opportunity to testify today on a number of important bills impacting working families.

HB 5388 An Act Increasing the Minimum Wage

The Connecticut AFL-CIO supports HB 5388 An Act Increasing the Minimum Wage which raises the minimum wage to \$15 per hour by 2021 and indexes it to the Consumer Price Index (CPI) beginning in 2022.

Wage stagnation is not the inevitable outcome of economic forces. It is the result of the wealthy and powerful people, big corporations and Wall Street designing a global economy where wages stay low. The rules must be rewritten to ensure that working people share in the wealth they help create and their incomes rise as they become more productive. Increasing the minimum wage to \$15 per hour is a key first step.

Connecticut was the first state to adopt a \$10.10 minimum wage, but at least eight other states (Arizona, California, Colorado, Massachusetts, New York, Oregon, Vermont and Washington) now have higher minimum wages and most of those are scheduled for further increases over the next two years.

Without regular increases, the value of the minimum wage has eroded, allowing inflation to gradually reduce the buying power of a minimum wage income. Historically, when the minimum wage has been raised, the increases have been too small to undo the decline in value that has occurred since the 1960s. In 2016, the federal minimum wage was worth 25% less than its peak value in 1968. If the minimum wage had risen since 1968 at the pace of productivity growth, it would reach \$21.34 in 2024.

Indexing the minimum wage to the CPI once it reaches \$15 per hour would take this very important issue out of the divisive political arena and add a level of certainty and predictability upon which workers and their families can depend. It also ensures that the minimum wage does not lose value over time. Without indexing, Connecticut's minimum wage continues to be devalued, workers a pay cut each year. Eleven states have already indexed their minimum wages to the cost of living. It's time for Connecticut to follow suit.

I'd like to dispel some myths about workers who earn the minimum wage. A 2014 analysis conducted by *The New York Times* shows that most policymakers have a flawed perception of this group of workers:ⁱ

- ***Teenagers are not the majority.*** In fact, the average age of a minimum wage worker is 36 and more than 89% are age 20 or older.ⁱⁱ Teen employment levels have been declining for decades regardless whether the minimum wage has gone up or stayed flat. This trend is driven by many factors – including increased labor market competition from older workers in their 50's. In addition, low-wage teen workers are likely to be from struggling households who depend on the teens' additional incomes to make ends meet; or to be students working their way through college with limited family support. These teens, and all others regardless of family income, deserve a higher minimum wage, too.
- ***So-called "training wages" are not a solution.*** Business advocates that teens or new hires should earn a lower, "training wage" to prevent them from being shut out of the job market. In fact, a "training wage" for new hires creates a loophole that mainly benefits fast food and retail chains with high-turnover staffing models and incentivizes more employers to shift to this model and to favor hiring teens over adults. Ironically, higher turnover rates, recruitment costs, and lower productivity negatively impact businesses' bottom lines.
- ***They have families.*** About 27 percent of low-wage workers are parents, compared with 34 percent of all workers. The average minimum wage worker also brings home half of household income, while 19 percent are sole earners. Parents who would benefit from raising the minimum wage earn 60 percent of the household income.
- ***Women and minorities are overrepresented.*** According to the Bureau of Labor Statistics, 55.6% of workers affected by raising the minimum wage are women. A minimum wage increase would disproportionately raise wages for people of color—40.1% of African American workers and 33.5% of Hispanic workers would directly or indirectly receive a raise. 44.6% of working single mothers would also benefit from raising the minimum wage.ⁱⁱⁱ

Connecticut's Low Wage Employer Advisory Board, a thirteen-member panel created by the General Assembly, conducted exhaustive outreach and research efforts on this issue. The Board heard from workers, businesses, economists and policy experts. In December 2016, it concluded in its report that the state's minimum wage should be raised to \$15, phased in gradually just as HB 5388 provides.

The Low Wage Employer Advisory Board also concluded that meeting a worker's basic needs while living in Connecticut requires, in almost all cases, a minimum wage higher than \$15 per hour. In fact, the 2014 Job Gap Economic Prosperity Series produced by the Alliance for Just Society found that the living wage, one that allows an employee to meet his or her basic needs without relying on public assistance, for a single adult in Connecticut was \$19.08 an hour.^{iv} That number increases to \$40.48 per hour for a Connecticut adult with two children. A single adult earning the current minimum wage of \$10.10 per hour would need to work 75 hours per week to make a living wage. Even if a worker could get that many hours, or work multiple minimum wage jobs, that would still be just enough to make ends meet and leave little left over for emergency situations.

In order for our economy to grow, families need to thrive as well. One does not work without the other. For that to happen, workers need to earn a fair wage. Minimum wage workers typically spend the vast majority of their earnings in their local communities, shopping at retail establishments, paying rent and childcare fees and accessing public transportation. Raising the minimum wage boosts spending which creates demand for products and services, which in turn creates jobs in our state. Simple economics dictates that raising the minimum wage would boost the state's income and sales tax revenue collections *without* raising taxes.

The White House Council of Economic Advisers promised that the recently passed federal corporate income tax rate cut (from 35% to 20%) would lead to wage growth. Some Connecticut corporations have already voluntarily raised their minimum wages to \$15: Charter Communications in Stamford, Webster Financial Corporation in Waterbury and Winchester Federal Savings in Windsor. Cigna Health Insurance in Bloomfield has raised its minimum wage to \$16. There's no question that the 14% federal tax provides businesses the ability to raise wages, but we don't have to just stand by and cross our fingers, hoping that employers will do the right thing. We can lead by raising the minimum wage.

A job should lift someone out of poverty, not trap them in it. We urge the Committee to act swiftly and favorably on this bill so that hard working women and men can get the raise they so desperately need and our economy can benefit from the much needed economic boost that comes from wage growth.

SB1 An Act Concerning Earned Family and Medical Leave and HB 5387 An Act Concerning Paid Family Medical Leave

The Connecticut AFL-CIO supports SB 1 An Act Concerning Earned Family and Medical Leave and HB 5387 An Act Concerning Paid Family Medical Leave. Both would establish programs by which workers would **earn** time they could take when they need to deal with a serious personal or family illness or to care for a new child.

Nearly every employee has struggled to balance family and work responsibilities, but there are occasions when it is impossible juggle both at the same time. When a worker or a family member becomes seriously ill or a new child is welcomed into the family, federal FMLA law provides unpaid leave with job protection, but most workers simply cannot afford to take it.

Earned family and medical leave would help businesses reduce costs and level the playing field for employers while allowing workers to meet their health needs and caregiving responsibilities. Paid leave also improves worker retention, saving turnover costs, which can be very expensive for employers. It also increases worker productivity, improves employee loyalty and boosts morale. According to Harvard Business Review, a majority of the most successful companies report that exemplary benefit programs strengthen employee loyalty and morale.

State administered paid leave programs also allow smaller businesses to compete more effectively with larger businesses. Because the cost of leave is shared, small businesses are not disadvantaged in worker recruitment.

The United States has until now failed to recognize that providing paid leave is a matter of economic competitiveness. According to a survey conducted by the International Labor Organization, the U.S. is the only developed country to offer no paid maternity leave. Paid family leave insurance programs are already working well in California, New York, New Jersey and Rhode Island. We can no longer ignore this issue if we expect Connecticut to be competitive in the regional and world economies.

Paid family and medical leave can help meet the needs of both employers and employees. We urge the committee to act favorably on SB 1 and HB 5387.

SB 15 An Act Concerning Fair and Equal Pay for Equal Work and HB 5386 An Act Concerning Various Pay Equity and Fairness Matters

Women in unions working under negotiated collective bargaining agreements are more likely to be paid higher, fairer wages and have better access to health insurance and pensions. More must be done to afford those same protections to non-union female workers. The Connecticut AFL-CIO supports SB 15 An Act Concerning Fair and Equal Pay for Equal Work, but believes that HB 5386 An Act Concerning Various Pay Equity and Fairness Matters is a stronger bill as it provides more effective protections to eliminate gender-based pay inequity.

Unfortunately, gender-based pay inequity is not a relic of previous generations. Just **last week**, DataHaven released an analysis of the most recent U.S. Census Bureau American Community Survey data. Their findings reveal a problem that is even worse than most believed. Connecticut's working women are paid just 69 cents for every dollar paid to working men, making our state's wage gap greater than the national average where women are paid 71 cents for every dollar earned by a man. The disparity is even greater for women of color.^v

Even more troubling, the pay gap continues to exist for highly educated women. Those who have attended some college but didn't complete a degree earn less money than men who never attended college at all, and women with graduate degrees on average earn less than men with only a bachelor's degree. DataHaven found that even within the same occupation, women are paid less, especially within high-salary management, business, and finance occupations. That's a significant loss for each woman, but businesses and our economy also suffer greatly. Lost wages mean reduced consumer buying power, which drives economic growth.

Let's think about that for a moment. **Connecticut women are earning 31% less than men for the same work.**

This isn't just a moral problem. It's also a short-sighted policy with catastrophic economic consequences. If women across this state, one-half of our population, got the 31% wage increase they deserve and have earned, the positive

economic impact would be enormous. The state would benefit from increased income tax collections and new sales tax revenue without raising taxes. It would also save millions of dollars by not having to provide need-based public services to those who no longer met the financial eligibility criteria.

Ending gender-based pay inequity isn't just the right thing to do; it's the smart thing to do. We urge the Committee to act favorably on SB 15 and HB 5386 and give women what they've earned – equal pay for equal work.

Thank you for the opportunity to testify today. I'd be happy to answer any questions you may have.

ⁱ https://www.nytimes.com/2014/06/10/upshot/minimum-wage.html?_r=0

ⁱⁱ National Employment Law Project, "The 'Training Wage' Scam: A Lower Minimum Wage for Teens or New Hires Hurts Young Workers and Undermines Responsible Employers. February 2016.

ⁱⁱⁱ <http://www.epi.org/publication/15-by-2024-would-lift-wages-for-41-million/>

^{iv} <https://thejobgap.org/national-findings-2014/>

^v <http://ctbythenumbers.info/2018/02/26/pay-equity-remains-elusive-in-connecticut/>